



THE CITY OF SAN DIEGO

Redevelopment Agency's Report

DATE ISSUED: August 4, 2004

REPORT NO. RA-04-26

ATTENTION: Chair and Members of the Redevelopment Agency
Docket of August 9, 2004

SUBJECT: Exclusive Negotiating Agreement (ENA) with San Diego
Revitalization Corporation for a proposed mixed-use development
– City Heights Redevelopment Project Area

SUMMARY

Issue – Should the Redevelopment Agency authorize the Executive Director to:

1. Enter into an ENA with San Diego Revitalization Corporation for a proposed mixed-use development?
2. Amend the Fiscal Year 2005 Agency Budget for the City Heights Redevelopment Project Area to accept a Developer Deposit of \$130,000?

Executive Director's Recommendation –

The Redevelopment Agency authorize the Executive Director to:

1. Enter into an ENA with San Diego Revitalization Corporation for the proposed mixed-use development;
2. Amend the Fiscal Year 2005 Agency Budget for the City Heights Redevelopment Project Area to accept a Developer Deposit of \$130,000.

Other Recommendations –

1. The City Heights Project Area Committee (PAC) recommended approval of entering into an ENA with the San Diego Revitalization Corporation and requested that the University Avenue building not include any direct client services.

Fiscal Impact – The \$130,000 deposit will pay for staff time, outside consultants and attorney's fees to process Disposition and Development Agreements (DDA)/ Owner Participation Agreement (OPA)/Developer Agreements (DA).

BACKGROUND

The City Heights Redevelopment Plan (Plan) was adopted in 1992. The primary objective of the Plan is to improve the quality of life in the Project Area. The City Heights Redevelopment Project Third Implementation Plan adopted by the Redevelopment Agency June 15, 2004 lists in its goals and Projects List for FY 2005-2009: "Fairmount and University Avenue - Create and support quality mixed-use facilities, which can include residential, commercial, office, education and public facilities." Other goals and projects include: "Attract quality health care facilities to serve all segments of the community; Support a balance of housing types such as small family, senior, large family, attached, and detached housing both rented and owned; Support the creation of adequate parking and shared use parking; Work with the community to identify potential pocket park sites and develop passive and recreational opportunities."

Redevelopment Agency (Agency) staff, on March 15, 2004 initiated an Owner Participation (OP) process. The Agency mailed questionnaires to all property owners of record within the footprint of the proposed project, providing an opportunity for them to express their intent to participate in or submit a competing proposal to the proposed project. None of the ten (10) property owners responded with a request to participate in this development or submitted a competing proposal. It should be noted that Jack in the Box requested permission to submit a competing proposal. Since Jack in the Box leases their site and is not a property owner they are not eligible under the Owner Participation Rules to submit a competing proposal. The owner of the Jack in the Box parcel did note on their reply they would not be submitting a competing proposal, but would like to participate in a redevelopment project within the City Heights Redevelopment Project Area.

DISCUSSION

The proposed project is a mixed-use development of approximately 2.75 acres located on the block bounded by University Avenue on the south, Polk Avenue on the north, Fairmount Avenue on the east and 43rd Street on the west. The proposed project is located directly across University Avenue from the City Heights Urban Village as shown on attachment 1.

The developer's mixed-use development concept includes:

1. A four story retail-office building on University Avenue of up to 90,000 SF, with approximately 23,000 SF of ground floor retail and lobby space, and three levels of office space, classrooms, and meeting rooms above with street level and underground parking provided;
2. A five story 151 unit residential complex on 43rd Street, with studio and one bedroom units for very low income seniors, including ground floor common areas providing recreation space, dining facilities, and a variety of support services for the senior occupants, and with underground parking for staff and residents;

3. A 31,000 SF mixed-use office building on Fairmount Avenue, containing ground floor retail uses as well as office space for education, social service counseling, employment services, administrative headquarters, and the major use, a new La Maestra Family Clinic outpatient medical facility, with surface level and underground parking for clients and staff;
4. A mixed-use retail and residential development at the corner of Polk and Fairmount Avenues, and;
5. A public park of approximately 5,400 SF located along 43rd Street.

All the existing properties on the block with the exception of the recently redeveloped White Cross Pharmacy would be demolished. San Diego Revitalization Corporation owns the majority of the proposed development site. The Redevelopment Agency has initiated the Owner Participation Process - the first step required if the Agency is to assist the developer to acquire the remaining needed parcels.

San Diego Revitalization has worked diligently to communicate with various City Heights community groups, including the City Heights Redevelopment Project Area Committee (PAC) and the City Heights Area Planning Committee (CHAPC). They have invited community members as well as the members of the PAC and CHAPC to attend design workshop meetings and provide community input for the project.

Financing for the project has not been established at this early stage of the development. However, the developer will be pursuing financing from both public and private sources. Public sources of funding to be considered are Affordable Housing Tax Credits and Redevelopment Agency funding, among others.

Approval of this Exclusive Negotiating Agreement is recommended by staff and the City Heights Project Area Committee. The resulting development will: give a much needed boost to the Urban Village area of City Heights; include a small park in an area that is deficient in park space; provide needed housing for very-low income senior citizens, and provide the La Maestra Clinic a state of the art building for their job training and medical outreach program.

The ENA (see Attached) outlines the responsibilities of the Agency and the Developer for negotiations required prior to entering into a Disposition and Development Agreement. It does not commit the Developer or the Agency to reach agreement.

SUMMARY

With approval of the ENA, Agency staff will commence negotiations with the San Diego Revitalization Corporation, returning to the Agency for consideration of a disposition and development agreement.

ALTERNATIVE(S)

The Redevelopment Agency not to enter into an ENA with the San Diego Revitalization Corporation.

Respectfully submitted,

Debra Fischle-Faulk
Deputy Executive Director
Redevelopment Agency

Approved: Hank Cunningham
Assistant Executive Director,
Redevelopment Agency

RHK/rhk

Attachment(s):

1. Summary & Location Map
2. Agency/San Diego Revitalization Corporation ENA for the City Heights Square mixed-use project